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INFO OCT-01 ISO-00 CIAE-00 PM-03 INR-05 L-01 ACDA-05

NSAE-00 PA-01 RSC-01 PRS-01 SP-02 USIA-06 TRSE-00

SAJ-01 SS-15 NSC-05 /059 W

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USLOSACLANT

CINCUSAFE

AMEMBASSY OTTAWA

S E C R E T SECTION 1 OF 2 USNATO 6144

REF: A. USNATO 5924

B. OTTAWA 3418

C. USNATO 5930

D. OTTAWA 3417

E. OTTAWA 3477

SUMMARY. ON NOVEMBER 4, DRC REVIEWED CANADIAN 1975-79 FORCE PLANS PRESENTED IN CANADIAN REPLY TO DPQ(74). CHAIRMAN BRIEFLY REVIEWED HIGHLIGHTS OF CANADIAN RESPONSE AND NOTED THAT RESPONSE, WHICH DOES NOT PROJECT DEFENSE PLANS BEYOND 1975, REFLECTS MANY UNCERTAINTIES. MILITARY AUTHORITIES' AND DRC REPS' QUESTIONS EMPHASIZED DECLINING REAL TERM CANADIAN DEFENSE EXPENDITURES AND UNCERTAINTIES ABOUT FUTURE CANADIAN CONTRIBUTIONS TO NATO. ANSWERS PROVIDED BY CANADIAN REP, WHO WAS AGAIN UNACCOMPANIED BY REPRESENTATIVES FROM OTTAWA, DID LITTLE TO ASSUAGE PROSPECT OF CONTINUING DECLINE IN CANADIAN CONTRIBUTION

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TO NATO, END SUMMARY.

1. DRC CHAIRMAN (HUMPHREYS) BEGAN 1974 MULTILATERAL EXAMINATION OF 1975-79 CANADIAN FORCE PLANS BY INVITING CANADIAN REP

(COL SHEFFIELD) TO MAKE INTRODUCTORY REMARKS. CANADIAN REP RESPONDED THAT ABSENCE OF REPRESENTATION FROM OTTAWA WAS DUE TO CONCERN OF GOC WITH KEEPING DOWN UNNECESSARY EXPENSES AND TO ABSENCE OF ANY DECISIONS AFFECTING CANADIAN DEFENSE FORCES SINCE TRILATERAL REVIEW IN OTTAWA.

2. CHAIRMAN THEN SUMMARIZED DRAFT COUNTRY CHAPTER AND POINTED OUT THAT, AS IN THE PAST TWO YEARS, CANADIAN RESPONSE REFLECTED MANY UNCERTAINTIES. HE HIGHLIGHTED FOLLOWING POINTS:

A. CANADA IS MEETING ITS 1974 NATO COMMITMENT.

B. MANNING LEVEL OF CANADIAN FORCES IS GOOD AND IS ABOVE NATO STANDARDS.

C. FAILURE OF CANADA TO PROJECT DEFENSE PLANS BEYOND 1975 CREATES MANY UNCERTAINTIES; E.G. REPLACEMENT FOR CENTURION TANK BEYOND 1976, INTRODUCTION OF ANTI-TANK HELICOPTERS, REPLACEMENT OF ARMORED PERSONNEL CARRIER, REPLACEMENT OF SHIPS, REPLACEMENT OF CF104, CF101 AND CF5 AIRCRAFT, PROCUREMENT OF LONG RANGE PATROL AIRCRAFT (LRPA), FUTURE OF FORCES STATIONED IN FRG.

D. CANADIAN DEFENSE FINANCING FORMULA, ANNOUNCED LAST YEAR, HAS NOT PRODUCED PROMISED INCREASE IN EXPENDITURES FOR CAPITAL EQUIPMENT.

E. ALL CANADIAN FORCES ASSIGNED TO NATO ARE "EARMARKED" WITH NONE "ASSIGNED".

F. CANADA HAS REDUCED DEFENSE EXPENDITURES TO 2.4 PERCENT OF GNP, SECOND LOWEST IN NATO, IN SPITE OF HAVING THIRD LARGEST PER CAPITA GNP IN NATO AND RELATIVELY FAVORABLE FUTURE ECONOMIC PROSPECTS.

3. SHAPE REP (GENERAL MILLER) SAID MILITARY AUTHORITIES ARE SECRET

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CONCERNED WITH POSSIBILITY THAT CANADA WILL BE UNABLE TO MAINTAIN ESSENTIAL TANK/ARMOR CAPABILITY FOR CENTRAL REGION AND TO PROVIDE AIRCRAFT WITH CAPABILITY TO OPERATE IN MILITARY ENVIRONMENT OF THE 1980'S.

4. MC REP (GENERAL TOMMASINI) NOTED DIFFICULTY IN PROJECTING NATO DEFENSE PLANS WITHOUT COMPLETE RESPONSES TO DPQ QUESTIONNAIRES AND EXPRESSED HOPE THAT CANADIAN AUTHORITIES WOULD SOON TAKE DECISIONS NECESSARY TO CLEAR UP EXISTING "UNCERTAINTIES".

5. SACLANT REP (CAPT MAYO) EXPRESSED CONCERN THAT CANADA WOULD FALL SHORT OF MARITIME PATROL AIRCRAFT (MPA) IN FUTURE

AND SAID THAT LONG LEAD TIME REQUIRED FOR AIRCRAFT PROCUREMENT
REQUIRES THAT CANADA FIRM UP PLANS FOR LRPA IN NEAR FUTURE.

6. CANADIAN REP DID NOT RESPOND DIRECTLY TO ABOVE IS AND
MILITARY AUTHORITIES COMMENTS. HE SAID THERE WERE NUMEROUS
EDITORIAL CHANGES WHICH HE WOULD TAKE UP WITH IS AFTER THE
MEETING. IN RAMBLING REMARKS HE SAID HE WAS BOTHERED BY
OVERALL TONE OF COUNTRY CHAPTER WHICH, HE FELT, HINTED THAT
CANADA WAS TRYING TO HIDE THINGS FROM NATO. HE SAID THAT GOC
IS UNDERTAKING ACTION TO CORRECT "UNCERTAINTIES" THAT EXIST
AND IS NOT TRYING TO HIDE ANYTHING. HE ADDED THAT GOC DID
NOT SHARE OPTIMISTIC ECONOMIC OUTLOOK REFLECTED IN DRAFT
COUNTRY CHAPTER. HE POINTED OUT THAT RESULT OF RECENT
CANADIAN ELECTIONS PERMITTED GOC TO DEVOTE FULL EFFORT TO
INFLATION PROBLEM AND DEFENSE ISSUES, AND PUBLIC STATEMENTS
ON DEFENSE EXPENDITURES WILL BE FORTHCOMING IN NEAR FUTURE.
HE ASSURED DRC THAT CANADIAN MOD IS AWARE OF AND CONCERNED
ABOUT EQUIPMENT REPLACEMENT PROBLEM. CANADIAN REP SAID THAT
GOC IS NOT CONCERNED ABOUT LOW PERCENT OF DEFENSE BUDGET
DEVOTED TO CAPITAL EQUIPMENT COMPARED WITH ALLIES SINCE SUCH
EXPENDITURES ARE NOT COMPARABLE AS DIFFERENT DEFINITIONS OF
"CAPITAL EQUIPMENT" ARE USED BY DIFFERENT COUNTRIES.

7. NORWEGIAN REP (LEINE) SUPPORTED CANADIAN CONTENTION THAT
EXPENDITURES MAY NOT BE COMPARABLE AND ASKED IS TO COMMENT.
IS RESPONDED THAT SUCH EXPENDITURES SHOWN IN DPQ RESPONSES
SHOULD BE ACCORDING TO NATO DEFINITION, AND SHOULD, THEREFORE,
BE COMPARABLE.

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8. BELGIAN REP (BOL TAYMANS) AND NETHERLANDS REP (CARSTEN) NOTED THAT STATED OBJECTIVE OF BOTH 1967-68 REORGANIZATION OF CANADIAN FORCES AND DEFENSE FINANCING FORMULA ADOPTED LAST YEAR WAS TO INCREASE REAL TERM CAPITAL EXPENDITURES. CANADIAN REP RESPONDED THAT CANADA STILL INTENDS TO INCREASE SUCH EXPENDITURES. HOWEVER, THE FIXED BUDGET PROVISIONS OF THE 1967-68 REORGANIZATION AND THE IMPACT OF INFLATION ON THE FINANCING FORMULA PREVENTED ACCOMPLISHMENT OF PLANNED INCREASE. HE REFERRED TO A RECENT STATEMENT BY CANADIAN MOD (REF B) AS EVIDENCE OF INTENTION TO INCREASE SUCH EXPENDITURES.

9. IN RESPONSE TO NETHERLANDS REP QUESTION WHETHER CANADA WOULD ADOPT AN AUTOMATIC SYSTEM OR A CASE-BY-CASE APPROACH TO ACHIEVING ITS INTENTION TO MAINTAIN DEFENSE EXPENDITURE LEVEL IN SPITE OF INFLATION, CANADIAN REP ANSWERED THAT IT MIGHT BE SEMI-AUTOMATIC, BUT WOULD DEFINITELY NOT BE AUTOMATIC, AND THAT HE COULD NOT FORESEE THE OUTCOME OF CURRENT CANADIAN DEFENSE REVIEW.

10. US REP (CLIANRD) NOTED THAT ALTHOUGH CANADIAN FORCES
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CONTRIBUTION TO NATO IS OF HIGH QUALITY, IT IS NOT VERY LARGE BY ANY STANDARD USED IN NATO. HE SAID THAT US VALUES CANADIAN CONTRIBUTION NOT ONLY FOR MILITARY REASONS, BUT FOR POLITICAL REASONS AS WELL. HE SAID THAT US PUBLIC AND CONGRESS ARE VERY MUCH AWARE OF CANADIAN CONTRIBUTION TO NATO DEFENSE, AND FURTHER DECREASES IN CANADIAN DEFENSE EFFORT WOULD HAVE AN IMPACT ON US ABILITY TO RESIST POLITICAL PRESSURES TO DECREASE CONTRIBUTION TO NATO AND REDUCE FORCES IN EUROPE. HE NOTED THE IMPORTANCE OF HAVING MORE THAN ONE NORTH AMERICAN COUNTRY MAKE A MEANINGFUL MILITARY CONTRIBUTION TO THE NORTH ATLANTIC ALLIANCE. NOTING THE CANADIAN PRIME MINISTER'S RECENT COMMENTS TO THE NATO PERM REPS IN WHICH HE COMPARED CANADA AND BELGIUM (REF C), US REP POINTED OUT THAT WHILE CANADIAN POPULATION IS MORE THAN TWICE THAT OF BELGIUM, BELGIAN ARMED FORCES ARE LARGER THAN THOSE OF CANADA. NOTING PM TRUDEAU'S COMMENTS THAT CANADA WISHED TO BE A GOOD MEMBER OF THE CLUB, US REP SAID THAT HE HOPED THIS MEANS THAT CANADA WILL MAINTAIN, AND EVEN INCREASE, REAL TERM DEFENSE EXPENDITURES IN FUTURE.

11. FRG REP (GENERAL SCHUENEMANN) SAID THAT WHILE HIS COUNTRY ALSO SEES CANADIAN CONTRIBUTION IN POLITICAL CONTEXT, FRG IS CONCERNED THAT CANADA MAY NOT BE ABLE TO REPLACE EQUIPMENT SUCH AS AIRCRAFT AND CENTURION TANK WITH AMOUNT OF MONEY CANADA CURRENTLY SPENDS FOR DEFENSE. CANADIAN REP RESPONDED THAT GOC RECOGNIZES THE PROBLEM AND ATTEMPTED TO RESOLVE IT WITH THE DEFENSE FINANCING FORMULA, AND ADDED THAT CANADA CANNOT REPLACE

EVERYTHING AT ONCE. HE CITED THE CURRENT LRPA PROCUREMENT PROGRAM AND PROPOSED PROGRAMS FOR MODERNIZING SHIPS AND REPLACING PRESENT AIRCRAFT AS EVIDENCE CANADA IS CONCERNED AND IS MAKING PROGRESS.

12. CHAIRMAN POINTED OUT THAT RECENT STRENGTHENING OF CF104 AIRCRAFT INDICATED A DECISION TO STRETCH THEIR USEFUL LIFE INTO THE 1980'S. HE THEN ASKED IF IT WERE NOT LOGICAL EITHER TO IMPROVE THEIR CAPABILITIES BY EQUIPPING THEM WITH BETTER ECM AND AIR-TO-AIR MISSILES OR TO BRING FORWARD THE TIME FOR REPLACING THEM. CANADIAN REP ANSWERED THAT CANADA WOULD KEEP CF104'S IN SERVICE UNTIL THE MID-1980'S ("THAT CAN BE CONSIDERED A STATEMENT OF FACT."), BUT THAT REPLACEMENT OF CF104, CF101 AND CF5, CURRENTLY UNDER STUDY, WILL DEPEND ON
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OUTCOME OF CURRENT DEFENSE REVIEW AND RESULTING TIGHT OR LOOSE DEFENSE BUDGET.

13. SHAPE REP ASKED WHAT VIEW CANADA HELD ON THE ABILITY OF CF104 TO OPERATE IN THE PROJECTED ENVIRONMENT OF THE 1980'S. CANADIAN REP SAID CANADA DEPENDS ON HIGH QUALIFICATION OF PILOTS AND LOW LEVEL PENETRATION ABILITY TO MAINTAIN EFFECTIVENESS OF THE WEAPON SYSTEM.

14. IN SUMMING UP, CHAIRMAN EMPHASIZED THAT NATO'S RAISON D'ETRE IS COLLECTIVE DEFENSE, AND THAT CANADA'S CONTRIBUTION IS NOT IN LINE WITH ITS ABILITY TO PAY. HE FURTHER SUGGESTED CANADA MAY BE MORE INTERESTED IN THE POLITICAL ADVANTAGES OF NATO MEMBERSHIP THAN IT IS WITH MAKING A SUBSTANTIVE CONTRIBUTION TO NATO DEFENSE.

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